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Cooper, A. W  
An analysis of  
chattel mortgage  
financing in  
Silver Bow County,  
1915-1939

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AN ANALYSIS OF CHATTEL MORTGAGE FINANCING  
IN SILVER BOW COUNTY ;

1915 - 1939.

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MARCH, 1940

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THE BUTTE ECONOMIC SURVEY

A critical and objective analysis of the socio-  
economic structure of Butte and vicinity

A. W. Cooper  
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Under the sponsorship  
of  
THE CITY OF BUTTE, MONTANA  
SILVER BOW COUNTY, MONTANA

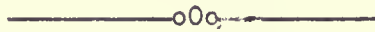


AN ANALYSIS OF CHATTEL MORTGAGE FINANCING  
IN SILVER BOW COUNTY

1915 - 1939

A Report on the Findings of Section 11  
of the Butte Economic Survey:

The Chattel Mortgage Study



By

A. W. Cooper

Federal Works Agency  
Work Projects Administration of Montana  
Butte Economic Survey, W. P. 2470; O.P. 665-91-3-31

Under the sponsorship of the City of Butte and  
Silver Bow County, Montana

Butte, Montana

March, 1940



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## PREFACE

It has long been known that the various public records contain social and economic information of great value to the commonwealth. However, the compilation and analysis of these voluminous records involves an expense which heretofore has been prohibitive. With the advent of government financed research, on a mass scale, many of these public records have been analyzed and made available to the public.

Among these various sources of information are the chattel mortgage files in the offices of the Clerk and Recorder. Under Section 11 of the Butte Economic Survey a detailed statistical study was made of the material in these files. This report is based upon that study and has been written to explain the many interesting facts revealed by the chattel mortgage statistics.

In common with the other studies of the Economic Survey the Chattel Mortgage Study was made possible only through the cooperative efforts of several organizations and individuals. The Work Projects Administration of Montana furnished all personnel used on these studies. Particular thanks are due W. T. Beaumont, Coordinator of Statistics and E. R. Blinn, Director of Finance for their advice and suggestions throughout the study. The City of Butte and Silver Bow County, as sponsors, furnished materials, space, and valuable services. Particular thanks are due Addis A. McGrath, Clerk and Recorder, for his cooperation in making available the original records used on this study.

The operation of the work was under the direct supervision of Sidney



R. Bluff and Park Lea, Economic Survey supervisors. Thomas M. Connelly, Research Assistant, deserves much credit for his excellent work in organizing the statistics for this report and for his part in attending to the details of publication.

March, 1940

A. W. Cooper



## CHAPTER I

### INTRODUCTION

The Chattel Mortgage Study of the Economic Survey was inaugurated for the purpose of making a complete analysis of the chattel mortgages filed in Silver Bow County during the twenty-five year period, July 1, 1914 to June 30, 1939.

It was felt that an economic analysis of the community would not be complete without a study of the flow of wealth represented by the transactions in both real and chattel property. Accordingly, under Section 7 of the Economic Survey, an analysis was made of the real estate transactions in this community.<sup>1/</sup> Two studies were planned to analyze the transactions involving chattels. The first, Section 11, "Chattel Mortgage Study", furnished the information upon which this report has been based. The second study, an analysis of conditional sale contracts, is now in progress.

True chattel mortgages are generally given to provide the mortgagor with additional working capital for some particular purpose. Whatever may be the motive behind the mortgaging of chattel property, it is evident that such transactions occupy an important place in the study of a community's wealth. It was for this reason that a study of chattel mortgages was considered a necessary activity in fulfilling the objectives of the Butte Economic Survey.

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1./ A report on this study is now in process of preparation.

EXHIBIT A

Form A.

Chattel Mortgage Study

File No. \_\_\_\_\_ Card No. \_\_\_\_\_  
Mortgagor \_\_\_\_\_ Address \_\_\_\_\_  
Occupation or type of Business \_\_\_\_\_  
Mortgagee \_\_\_\_\_ Address \_\_\_\_\_  
Occupation or type of Business \_\_\_\_\_  
Date of Mortgage \_\_\_\_\_ Amount \$ \_\_\_\_\_ Int. Rate \_\_\_\_\_ % Date of Maturity \_\_\_\_\_

Method of Repayment:

1. ( ) Straight Term - No Principal Payment until Maturity.
2. ( ) Specified Partial Payments on Principal During Term of Mortgage.
3. ( ) Regular Installments to Provide Complete Amortization.

SECURITY

CODE

REMARKS:

### Methods Used

The data for this study were obtained from the filed instruments in the offices of the Clerk and Recorder of Silver Bow County. Applying the principles of mass research, developed by the Work Projects administration, the technique was broken down into unit operations, each carefully controlled by adequate supervision and by applying the well known principles of internal audit, so successful in accounting routine.

The first operation, after the process of training the staff had been completed, was the transcription of Form A (See Exhibit A) from the filed instruments in the Recorder's Office. One Form A was filled for each instrument whose date of execution fell within the twenty-five year period covered by the study.

As each Form A was completed it was independently checked against the original by another clerk. Questionable items were referred to the tabulation supervisor, who in turn referred them to the director, if circumstances warranted such procedure.

After the transcription had been completed and checked, the schedules were edited to assure completeness and were then passed to the coding clerks. The process of coding consisted of placing certain distinguishing letters or numerals on the form for the purpose of classifying the variables into distinct groups. By such a procedure, the series for each variable were arranged in a definite, prearranged frequency during the tabulation process.

Tabulation consisted of sorting the schedules according to certain code designations, counting the schedules in each frequency group and totalling the considerations of all cards in a group. This number of cards and the total amount of consideration were then recorded in the proper cells on specially designed tabulation forms. These forms were so arranged as to be

self-proving--providing a check on operations at each step. After each set of tabulation forms had been completed, they were carefully checked by a separate crew of clerks.

These completed tabulations represent the basic data of the study. From them numerous small analytic tables were prepared to provide simplified data in comparative form. These analytic tables are the source material for this report. The complex tabulation forms, originally prepared, are preserved for reference purposes or for possible future research.

#### Limitations of Study

Unfortunately, it was impossible to carry the study to the highest state of perfection. The difficulty met, however, was quite beyond the control of either the sponsor or the management of the survey. This imperfection in the study was the lack of satisfactory information regarding the ultimate disposition of the mortgages. It was out of the question to determine which mortgage had been satisfied and released, which had been foreclosed, which had been outlawed or assigned, or for that matter what ultimate disposition of any nature had been made. A few releases, satisfactions, etc. were recorded, but so very few that no representative sample could be taken.

The laws of the State of Montana require that chattel mortgages be filed and, that releases, assignments, etc. be likewise recorded. The first provision is quite generally met. Naturally the mortgagee will insist upon filing for his own protection. But, after he has been paid in full, he has little incentive to bear the fee for recording a release. The mortgagor has paid his debt and, quite likely, has the receipts to prove its liquidation. Consequently he, likewise, is little apt to look with favor upon the additional cost of filing a release.

The net result is that despite the law on the statute books, very few chattel mortgages in this county, or in any of the counties of the state, are ever released on the public records.

This shortcoming on the part of the source of data was known at the time the study was planned. However, it was decided that despite the absence of these useful and interesting data, the study of available material was of sufficient importance to justify the inauguration of the project.



CHAPTER II.  
NUMBER AND TREND OF  
CHATTEL MORTGAGES IN SILVER BOW COUNTY

In Silver Bow County, chattel mortgage financing during the past twenty-five years has been of such volume as to average a little over two-thousand dollars per day in loans.

During the twenty-five year period ended June 30, 1939, there were filed, with the Clerk and Recorder of Silver Bow County, a total of 7,970 chattel mortgages, having a total value of \$19,199,950. This was an average of nearly 319 instruments per year, with an average annual consideration of \$767,998, or \$2,409.03 per instrument. However, the actual size of the mortgage principals varies from less than five dollars to five-million dollars, in one case.

Although it has been shown that an average of 319 loans were made annually over the twenty-five year period covered by the study, the actual number of loans per year varies widely. The actual volume of loans per year has varied from the peak of 637 in 1928 to a low of 93 in 1939.

In the same manner, the value of the loans has fluctuated widely from the annual average of \$767,998. In 1922 the maximum amount of \$5,508,332 was loaned, while the minimum amount loaned was \$210,095, in 1939.

The trend in number and value of mortgages made during the past twenty-five years is portrayed by Table 1. Of interest is the rapid decline in number of mortgages since 1928 and the sharp drop in value of mortgages since 1932. The sudden leap in value of the loans in 1922 is due to one enormous transaction of five-million dollars. This is by far the largest single transaction recorded in the county. Alone, it constitutes over one-fourth (26.04 percent) of the total value of loans made during the twenty-



five year period. It has a distorting effect upon the statistics, yet, being a bona fide chattel mortgage, it cannot be ignored.

TABLE 1. NUMBER AND VALUE OF CHATTEL MORTGAGES FILED  
IN SILVER BOW COUNTY, 1915 - 1939

Date of Mortgage	Number of Mortgages		Value of Mortgages	
	Number	Percent of Total	Value	Percent of Total
All Years	7,970	100.0	\$19,199,950	100.0
1939	93	1.2	210,095	1.1
1938	104	1.3	263,855	1.4
1937	131	1.6	507,552	2.6
1936	133	1.7	303,556	1.6
1935	106	1.3	454,934	2.4
1934	148	1.9	395,187	2.0
1933	187	2.4	398,562	2.1
1932	281	3.5	1,562,774	8.1
1931	338	4.2	1,442,626	7.5
1930	526	6.6	1,746,109	9.1
1929	589	7.4	580,597	3.0
1928	637	8.0	492,772	2.6
1927	517	6.5	796,700	4.1
1926	372	4.7	307,249	1.6
1925	390	4.9	319,635	1.7
1924	311	3.9	489,657	2.6
1923	331	4.1	493,297	2.6
1922	337	4.2	5,508,332	28.7
1921	304	3.8	528,499	2.8
1920	352	4.4	419,947	2.7
1919	316	4.0	439,442	2.3
1918	364	4.6	328,159	1.7
1917	419	5.3	400,074	2.1
1916	369	4.6	259,978	1.3
1915	315	3.9	450,362	2.3

It is interesting to note that while the greatest volume of these loans were made during the years of 1927, 1928, 1929, and 1930; the greatest amounts of money were loaned during 1930, 1931, and, 1932. This large rise in the value of loans made during these three years may be shown to be due to the activities of certain non-resident and national banks.

#### MORTGAGEES

This statement regarding loaning activities of certain banks suggests consideration of the loaning activities of all the mortgagees, and brings up the question as to who loaned these nineteen-millions on chattel property. Actually the number of different types of loaning agencies is so great that it would be impossible to deal with all of them. Accordingly, in order that a condensation of some sort might be effected, the numerous types of mortgagees were classified into the following groups:

Resident:<sup>1/</sup>

- National Banks
- State Banks or Trust Co's.
- Loan Companies
- Auto Finance Companies
- Farm Machinery Companies
- Merchants
- Individuals
- Miscellaneous

Non-Resident:

(Same classifications as under "Resident")

Special Agencies:

- Federal Land Bank
- Production Credit Associations
- Emergency Crop Loan
- Regional Agricultural Credit Corporation

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1.// "Resident" refers to those mortgagees residing in Silver Bow County; "Non-Resident" to those residing elsewhere in the state or in states other than Montana.

Resident mortgagees took 81.5 percent of the total mortgages made and loaned 35.8 percent of the total funds involved. Non-resident mortgagees took but 17.5 percent of the total mortgages, but loaned 61.7 percent of the funds. This would suggest that there is a tendency to borrow less frequently, but in larger sums, from non-resident agencies. Special agencies made only 1.0 percent of the loans, constituting 2.5 percent of the total money loaned by all agencies. (See Table 2).

Among the resident agencies, the greatest volume of loans has been made by individual mortgagees. This amounts to over one-half of the volume made by all resident agencies and 42.6 percent of that made by all agencies; resident, non-resident, and special. In value this business amounts to nearly one-half of that done by all resident agencies, but in only 17.2 percent of the grand total for all groups of mortgagees.

The average principal of loans made by all resident agencies is \$1,059.48. Considering each resident agency individually, the largest average principal is found to be \$3,290.58 - in the case of loans made by state banks or trust companies. Loans made by individual mortgagees average only \$975.52 in size. (See Table 3).

In the case of non-resident agencies, the greatest volume of business again has been done by individuals. They have made well over one-half of the loans made by non-residents and nearly one-tenth (9.5 percent) of all loans made during the period. However, the greatest amount of money was loaned by miscellaneous agencies, followed closely by the national banks.

The average size of loans made by all non-resident agencies is \$8,483.98. The largest average size for any single agency is \$62,079.50, for loans made by non-resident national banks. Loans made by individuals average \$1,195.20. (See Table 3).

TABLE 2. DISTRIBUTION BY NUMBER AND VALUE, OF CHATTEL MORTGAGES  
FILED IN SILVER BOW COUNTY, 1915 - 1939, BY TYPES OF  
MORTGAGEE

Type of Mortgagee	Number of Mortgages		Value of Mortgages	
	Number	Percent of Total	Value	Percent of Total
All Types	7,970	100.0	\$19,199,950	100.0
Resident - Total	6,492	81.5	6,878,117	35.8
National Banks	224	2.8	618,022	3.2
State Banks or Trust Co's.	476	6.0	1,566,315	8.1
Loan Companies	1,747	21.9	525,478	2.7
Auto Finance Co's.	1	0.0*	80	0.0*
Farm Machinery Co's.	2	0.0*	1,387	0.0*
Merchants	261	3.3	229,359	1.3
Individuals	3,389	42.6	3,306,051	17.2
Miscellaneous	392	4.9	631,425	3.3
Non-Resident - Total	1,396	17.5	11,843,635	61.7
National Banks	60	0.8	3,724,770	19.4
State Banks or Trust Co's.	128	1.6	1,014,290	5.3
Loan Companies	174	2.2	431,562	2.2
Auto Finance Co's.	45	0.5	9,906	0.1
Farm Machinery Co's.	13	0.2	31,552	0.2
Merchants	55	0.7	56,976	0.3
Individuals	759	9.5	907,157	4.7
Miscellaneous	162	2.0	5,667,422	29.5
Special Agencies - Total	82	1.0	478,198	2.5
Federal Land Bank	7	0.1	12,676	0.1
Prod. Credit Assoc.	33	0.4	242,400	1.3
Emergency Crop Loan	0	0.0	0	0.0
Reg. Agri. Cr. Corp.	42	0.5	223,122	1.1

\* Less than 0.1%

The volume of loans by special agencies has been shown to be very small. However, the activities of these agencies did not start until 1932. Over one-half (42) of the 82 loans made by this group were made by the Regional Agricultural Credit Corporation. A somewhat smaller number (33) were made by Production Credit Association. This last agency also shows a somewhat higher value of loans than does the Regional Agricultural Credit Corporation. (See Table 2).

Loans made by these special agencies have an average value of \$5,831.68 per loan. Among individual agencies, Production Credit Association loans have the highest average principal, amounting to \$7,345.45. (See Table 3).

Annual comparisons of the number of loans and the value of loans by each of the three principal groups of mortgagees reveal that while the number of loans made by resident mortgagees shows a trend much in excess of those made by non-residents, the latter have loaned a much greater amount of money.

Loans by special agencies did not enter the picture until 1932. These agencies, organized to provide federal loan facilities, were non-existent prior to this date.

The average annual value of loans made by resident agencies is a fairly uniform figure, while that of non-resident loans fluctuates widely.

#### MORTGAGORS

Having considered the various agencies which have loaned their funds on chattel mortgages, it will be interesting to investigate the types of agencies who gave the mortgages in return for the loans.<sup>2/</sup> It is possible to

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<sup>2/</sup> It might be well here to clear up the relationship between mortgagor and mortgagee. The mortgage is "given" by the mortgagor and "taken" by the mortgagee. The loan, i. e., the money, is "given" (or borrowed) by the mortgagee and "received" (or borrowed) by the mortgagor.



TABLE 3. AVERAGE SIZE OF LOANS MADE THROUGH CHATTEL MORTGAGES  
IN SILVER BOW COUNTY, 1915 - 1939, BY TYPE OF  
MORTGAGEE

Type of Mortgagee	Average Size of Loans		
	Resident Agencies	Non-Resident Agencies	Special Agencies
Group Averages	\$1,059.48	\$8,483.98	\$5,831.68
National Banks	2,759.03	62,079.50	xxxx
State Banks or Trust Co's.	3,290.58	7,924.14	xxxx
Loan Companies	300.79	2,480.24	xxxx
Auto Finance Co's.	80.00	2,201.13	xxxx
Farm Machinery Co's.	693.50	2,427.07	xxxx
Merchants	878.77	1,035.93	xxxx
Individuals	975.52	1,195.20	xxxx
Miscellaneous	1,610.78	34,984.09	xxxx
Federal Land Banks	xxxx	xxxx	1,810.86
Production Credit Assn.	xxxx	xxxx	7,345.45
Emergency Crop Loan	xxxx	xxxx	xxxx
Reg. Agri. Credit Corp.	xxxx	xxxx	5,312.43

classify the mortgagors with much more ease than in the case of the mortgagee because it is unnecessary to distinguish between resident and non-resident mortgagors. This analysis deals only with those mortgagors residing in Silver Bow County and borrowing money on their property from either resident or non-resident mortgagees. Accordingly, the following simple classification may be used for the mortgagors:

- Individuals
- Merchants
- Farmers or Ranchers
- Hotel Companies
- Commercial Corporations
- Mining Companies
- Other Industrial Companies
- Other Types of Mortgagors (Not elsewhere classified.)

Well over one-half (64.1 percent) of all mortgages filed during the period under consideration were given by individual mortgagors (excluding merchants and farmers or ranchers). However, the value of these mortgages constituted but 12.2 percent, of the total value of all mortgages filed. The largest proportion of the total value is found to be in the case of those mortgages having commercial corporations as mortgagors, where 6.7 percent of the mortgages represent 48.2 percent of the total value. The smallest volume of borrowings, in both number and value, is found in the case of mining companies. These mortgagors made but 0.2 percent of the total borrowings, amounting to 0.4 percent of the total amount borrowed.

The average size of loan received by all mortgagors was \$2,409.03. Considering each type of mortgagor individually, the largest average loans are found to have been made to commercial corporations - amounting to \$17,276.19. However, the one large mortgage, previously mentioned, falls into this class and its five-million dollar principal distorts the average. If this group of mortgagors is disqualified on such a basis, it will be found that the next highest average is \$11,577.05, in the case of loans made to "Other Industrial Companies". The average size of loans to farmers or ranchers is \$5,273.18, while the average for individuals is very low,

being only \$458.16. (See Table 5).

TABLE 4. DISTRIBUTION, BY NUMBER AND VALUE, OF CHATTEL MORTGAGES FILED IN SILVER BOW COUNTY, 1915 - 1939, BY TYPE OF MORTGAGOR

Type of Mortgagor	Number of Mortgages		Value of Mortgages	
	Number	Percent of Total	Value	Percent of Total
All Types	7,970	100.0	\$19,199,950	100.0
Individual	5,105	64.1	2,338,898	12.2
Merchant	677	8.5	1,167,753	6.1
Farmer or Rancher	672	8.4	3,543,580	18.5
Hotel Company	654	8.2	1,573,639	8.2
Commercial Corporation	536	6.7	9,260,038	48.2
Mining Company	16	0.2	82,460	0.4
Other Industrial Company	40	0.5	463,082	2.4
Other Types of Mortgagor	270	3.4	770,500	4.0

Considering each of the twenty-five years, individually, it is found that as far as number of mortgages is concerned, individual mortgagors hold the lead over the entire period. However, in the case of value of borrowings, individual mortgagors hold the lead in but seven of the twenty-five years (1916, 1918, 1920, 1925, 1926, 1928, and 1929).

Over the twenty-five year period, the eight types of mortgagor may be ranked according to the number of years in which each type has borrowed the greatest proportion of the total value loaned during the year. Such a classification appears as follows:

1st. Rank	- Farmers or Ranchers.....	8 yrs.
2nd. Rank	- Individuals.....	7 yrs.
3rd. Rank	- Commercial Corporations.....	5 yrs.
4th. Rank	- Hotel Companies.....	4 yrs.
5th. Rank	- Other Industrial Companies.....	1 yr.
Total.....		25 yrs.



TABLE 5. AVERAGE SIZE OF LOANS MADE THROUGH CHATTEL MORTGAGES  
IN SILVER BOW COUNTY, 1915 - 1939, BY TYPE OF  
MORTGAGOR

Type of Mortgagor	Average Size of Loan
All Types	\$2,409.03
Individual	458.16
Merchant	1,724.89
Farmer or Rancher	5,273.18
Hotel Company	2,406.18
Commercial Corporation	17,276.19
Mining Company	5,153.75
Other Industrial Company	11,577.05
Other Types of Mortgagor	2,853.70

Those accustomed to think of Silver Bow County as a non-agricultural region will be surprised to see such a volume of loans to farms and ranchers.

The trends in number and value of loans made to this class of mortgagor show a sharp rise since 1931. This upturn undoubtedly is due to the entrance of federal aid into the farm-loan field.

### CHAPTER III.

#### CHARACTERISTICS OF CHATTEL MORTGAGES IN SILVER BOW COUNTY

The 7,970 chattel mortgages filed in Silver Bow County during the twenty-five year period may be classified and analyzed according to certain characteristics which are possessed by all mortgages.

A mortgage transaction may be shorn of its complexities and outlined in the following manner: The mortgagor borrows from the mortgagee a certain sum of money, giving in return a mortgage which constitutes a lien upon certain of his property. The mortgage instrument contains, or is accompanied by, a mortgage note. This note specifies the sum of money borrowed, the length of time it is to be borrowed (or the date when it shall be repaid), the rate of interest which is to be charged upon the principal, and the manner in which the money is to be repaid.

From this outline it is possible to select the main characteristics of a mortgage. Since mortgagor and mortgagee already have been considered, there remain the sum of money borrowed, the property pledged, the duration of the loan, the rate of interest, and the manner in which repayment will be made. For the purpose of this discussion, these characteristics will be designated as the size of principal, the type of security, the term of the mortgage, the rate of interest, and the method of repayment, respectively.

#### SIZE OF PRINCIPAL

To facilitate statistical analysis, the various sizes of mortgage principal were classified into the following groups:

Under \$50  
 \$50 to \$99  
 \$100 to \$249  
 \$250 to \$499  
 \$500 to \$999  
 \$1,000 to \$2,499  
 \$2,500 to \$4,999  
 \$5,000 to \$7,499  
 \$7,500 to \$9,999  
 \$10,000 and Over

Table 6 presents the distribution of number and value of mortgages in each of the above groups.

TABLE 6. DISTRIBUTION, BY NUMBER AND VALUE, OF CHATTEL MORTGAGES FILED IN SILVER BOW COUNTY, 1915 -1939, BY SIZE OF PRINCIPAL

Size of Principal	Number of Mortgages		Value of Mortgages	
	Number	Percent of Total	Value	Percent of Total
All Sizes	7,970	100.0	\$19,199,950	100.0
Under \$50	243	3.0	8,600	0.1
\$50 to \$99	874	11.0	60,404	0.3
\$100 to \$249	2,137	26.8	333,526	1.7
\$250 to \$499	1,475	18.5	501,322	2.6
\$500 to \$999	1,223	15.4	804,375	4.2
\$1,000 to \$2,499	1,081	13.6	1,598,548	8.3
\$2,500 to \$4,999	510	6.4	1,729,423	9.0
\$5,000 to \$7,499	184	2.3	1,086,112	5.7
\$7,500 to \$9,999	73	0.9	626,913	3.3
\$10,000 and Over	170	2.1	12,450,727	64.8

Notice that over one-fourth (26.8 percent) of all mortgages filed have principals of from \$100 to \$249. Quite naturally, however, the greatest proportion of the money was loaned in principal amounts of \$10,000 or above. Remember that one single mortgage had a five-million dollar principal. However, even if this mortgage were excluded, this group (\$10,000 and over) would still be the leader--with a total of nearly seven and one-half of the fourteen-millions in loans.

Annual comparisons of size of principal, over the period covered by the study, reveal that loans of from \$100 to \$4,999 have remained fairly constant in number and value, while the smaller and larger loans fluctuated widely in number and value. In general, the proportion of loans of less than \$100 has been decreasing, while that of loans of \$5,000 and over has been increasing.

Resident mortgagees made by far the majority of the loans in each size group, with the exception of those loans of \$10,000 and over. In this case it is found that resident and non-resident agencies made approximately equal proportions (each about forty-five percent) of the total loans, and special agencies made exactly one-tenth of the total. However, these large loans (\$10,000 and over) constituted only about one-percent of the total volume of resident loans, about five-percent of the total volume of non-resident loans, and over twenty-percent of the total volume of loans made by special agencies.

In studying the amount of money loaned in each size of principal group, it is found that residents have loaned the greatest sums of money in each group except in the case of those loans of \$10,000 or over. In this case residents have loaned a little over one-tenth of the total money loaned and special agencies have loaned about two-percent of the funds. The balance, amounting to about ten and one-half million dollars, was loaned by non-resident agencies.

Which group of mortgagors received the greatest number of the large loans? The farmers and ranchers of Silver Bow County hold this distinction. Over one-fourth (26.1 percent) of the loans of from \$5,000 to \$7,499, nearly one-third (32.9 percent) of those of from \$7,500 to \$9,999, and 42.3 percent of those of \$10,000 and over were made to farmers and ranchers. In fact, out of the total of 672 loans made to these mortgagors during the period of the study, nearly one-fourth (21.4 percent) were loans of \$5,000 or over.

When dealing with the principal of the mortgages it would seem reasonable to expect substantially the same proportions to obtain in comparing the value of the mortgages as obtained in comparing the number of mortgages. This is generally true. However, an exception is found in the case of mortgages with principals of \$10,000 and over. This exception is, no doubt, the result of the indefinite nature of this classification. Therefore it is not surprising to find that while the greatest number of these large loans were made to farmers and ranchers, the greatest amounts of money were loaned to commercial corporations.

#### TYPE OF SECURITY

The second mortgage characteristic to be considered is the type of property which was mortgaged as security for the loan. In making this analysis it will be necessary to divide the mortgages into two distinct classes--those having but one distinct type of security, and those having more than one type of security. Of the 7,970 mortgages studied, only 492 or 6.2 percent fall in the first class. Nine classifications may be made of those mortgages having but one type of security. Table 7 presents this classification and shows the distribution, by number and value, of the mortgages in the various classes.

Notice that over one-third (39.2 percent) of the loans were made on automobiles, nearly one-fourth (22.8 percent) were made on household furniture, about one-tenth (10.7 percent) were made on business furniture and fixtures, and a somewhat smaller proportion (8.8 percent) were made on farm implements, livestock and crops. Hotel furniture and fixtures rank next with 8.7 percent of total, while the proportions of the loans made on other single types of security are rather small.

Nearly one-half (45.1 percent) of the money loaned was loaned on mort-



gages with more than one distinct type of security. Among the single types of security mortgaged; farm implements, livestock and crops lead with 19.1 percent of the total. Automobiles, although mortgaged most frequently, were security for a relatively small proportion (12.0 percent) of the total funds loaned.

TABLE 7. DISTRIBUTION, BY NUMBER AND VALUE, OF CHATTEL MORTGAGES FILED IN SILVER BOW COUNTY, 1915 - 1939, BY TYPE OF SECURITY

Type of Security	Number of Mortgages		Value of Mortgages	
	Number	Percent of Total	Value	Percent of Total
All Types	7,970	100.0	\$19,199,590	100.0
Automobiles	3,127	39.2	2,304,366	12.0
Household Furniture	1,816	22.8	611,566	3.2
Hotel Furniture & Fixtures	696	8.7	2,044,328	10.8
Business Furniture & Fixtures	853	10.7	1,169,398	6.1
Mining Machinery	20	0.3	32,234	0.2
Other Industrial Machinery	89	1.1	203,896	1.0
Farm Implements, Livestock & Crops	704	8.8	3,661,094	19.1
Inventories of Consumer's Goods	33	0.4	173,068	0.9
All Other	140	1.8	338,891	1.8
More than One Type of Security	492	6.2	8,661,109	45.1

The trends in types of security mortgaged are interesting. As far as number of mortgages is concerned, automobiles hold the lead in over one-half (13) of the twenty-five years. In fact, since 1925 more mortgages on automobiles have been recorded than for any other type of security. Prior to 1925, mortgages on household furniture were the most in evidence.

On the other hand, loans on farm implements, livestock and crops have led in value in more years than any other type of security. In fact, dur-

ing each of eight years, 1932 to 1939, inclusive, the value of loans on this type of security was far in excess of the value of loans on any other type--often greater than the value of all other loans combined.

Very nearly one-half of the loans made on automobiles were made by resident loan companies. However, the largest proportion of the money loaned on such security was loaned by resident state banks and trust companies.

Over one-half of both number and value of the loans on household furniture, hotel furniture and fixtures, and business furniture fixtures were made by resident individuals. Forty-percent of the total loans on mining machinery were also made by individual mortgagees. These loans represented about one-fourth of the total value of loans in such machinery. The greater proportion of the loans made on industrial machinery (other than mining) were made by non-resident miscellaneous agencies. However, resident individuals and non-resident individuals and miscellaneous agencies loaned practically equal proportions of the total value of such loans.

Resident individuals made more loans on farm implements, livestock and crops than any other type of mortgagee. Of the 704 loans on this type of security, 216 were made by individuals, while special agencies made but 75 loans. The largest proportion of the value of the loans on this type of security was loaned by non-resident national banks. On 35 mortgages these mortgagees loaned nearly one and one-half million dollars.

Most of the loans on inventories, all other types of single security, and mixed types of security, were made by resident individuals. However, most of the money loaned on inventories was loaned by non-resident miscellaneous agencies; most of that loaned on other single types of security was loaned by resident miscellaneous agencies; and most of the value of the loans on mixed types of security was loaned by non-resident miscel-

laneous agencies.

Individual mortgagors gave most of the mortgages and received the greatest proportion of the money in the case of loans made on both automobiles and household furniture. Naturally enough, hotel companies made the greatest number of mortgages and received most of the money loaned on hotel furniture and fixtures. In a similar manner, merchants made the heaviest borrowings on business furniture and fixtures.

Exactly one-tenth of the mortgages on mining machinery were made by industrial companies, other than mining companies. The remaining 90.0 percent of the loans were equally divided between individual and mining company mortgagors. The mining companies borrowed about seventy-percent of the total funds loaned, while individuals borrowed about twenty-three percent.

Individuals borrowed the greatest number of times and to the greatest amount on machinery, other than mining. Of course the greatest proportions of the number and value of loans on farm machinery, livestock and crops were made to farmers and ranchers. Merchants made most of the mortgages and received most of the money loaned on inventories.

Over one-half of the mortgages on other single types of security and more than one-third of those on mixed types of security were made by individuals. However, commercial corporations received the greatest proportion of the funds in both cases.

Correlation of type of security with size of principal reveals that most of the loans on automobiles and household furniture were for an amount of \$100 to \$249; the greater proportion of those on all other types being much larger--usually of one-thousand dollars or more. Over forty-percent of the loans of \$10,000 or over were made on farm implements, livestock and crops.



The average size of loan for each type of security is presented in Table 8. Notice that the loans made on mixed types of security are much larger than those made on any single type of security.

TABLE 8. AVERAGE SIZE OF LOANS MADE THROUGH CHATTEL MORTGAGES IN SILVER BOW COUNTY, 1915 - 1939, BY TYPE OF SECURITY

Type of Security	Average Size of Loans
All Types	\$ 2,409
Only One Type of Security	
Automobiles	737
Household Furniture	337
Hotel Furniture & Fixtures	2,937
Business Furniture & Fixtures	1,371
Mining Machinery	1,616
Other Industrial Machinery	2,290
Farm Implements, Livestock & Crops	5,200
Inventories of Consumer's Goods	5,244
All Others	2,421
More Than One Type	17,604

#### TERM OF MORTGAGE

Over one-fourth (28.5 percent) of all mortgages studied had terms of from 1 to 2 $\frac{1}{2}$  years. Nearly one-tenth (8.2 percent) had terms of less than 3 months, while, at the other extreme, only 0.2 percent had terms of 10 years or over. Over one-fourth (28.6 percent) of the total money loaned was loaned on mortgages with terms of 10 years or over, while nearly as much (22.4 percent) was loaned on mortgages having terms of from 6 to 8 $\frac{1}{2}$  months. Over one-tenth (11.8 percent) of the number of loans, representing 11.7 percent of the total funds, were demand mortgages. No report on term could be obtained on 4.6 percent of the instruments, representing 5.0 percent of the total money loaned. (See Table 9).

TABLE 9. DISTRIBUTION, BY NUMBER AND VALUE, OF CHATTEL MORTGAGES  
FILED IN SILVER BOW COUNTY, 1915-1939, BY TERM OF  
MORTGAGE

Term of Mortgage	Number of Mortgages		Value of Mortgages	
	Number	Percent of Total	Value	Percent of Total
All Terms	7,970	100.0	\$19,199,950	100.0
Under 3 months	655	8.2	522,952	2.7
3 to $5\frac{1}{2}$ months	1,618	20.3	766,699	4.1
6 to $8\frac{1}{2}$ months	1,471	18.5	4,298,439	22.4
9 to $11\frac{1}{2}$ months	452	5.7	408,523	2.1
1 to $2\frac{1}{2}$ years	2,272	28.5	3,509,450	18.3
3 to $4\frac{1}{2}$ years	131	1.6	477,974	2.5
5 to $9\frac{1}{2}$ years	48	0.6	500,933	2.6
10 years and Over	13	0.2	5,480,566	28.6
Demand	941	11.8	2,253,747	11.7
No Report	369	4.6	950,667	5.0

The trends in mortgage terms over the twenty-five year period may be summarized at five-year intervals. In 1915, loans having a term of from 3 to  $5\frac{1}{2}$  months had the strongest representation, while in 1920, those of a term of 1 to  $2\frac{1}{2}$  years predominated. Loans extending from 3 to  $5\frac{1}{2}$  months and those extending from 1 to  $2\frac{1}{2}$  years were nearly equally represented in 1925. Of those mortgages made in 1930, those having terms of from 6 to  $8\frac{1}{2}$  months were the most prevalent, while, in 1935 and 1939, loans of from 1 to  $2\frac{1}{2}$  years predominated.

The same comparison in terms of value rather than number of mortgages reveals practically the same trends. However, exceptions are found in the years 1915 and 1920. In 1915, the greatest amount of money was loaned on mortgages having a term of 10 years or over, while, in 1920, the largest loans were made on demand mortgages.

Resident mortgagees made 80.3 percent of the loans of less than 3 months, 30.8 percent of those of 10 years and over, and 86.2 percent of

the demand loans. A somewhat larger proportion (38.5 percent) of the long-term loans were made by non-resident agencies, and 30.7 percent were made by special agencies. The greatest value of long-term loans were made by non-resident mortgagees, while residents made over half of the loans of 3 months or less.

The greatest proportion of all loans of less than 5 years duration was made to individuals, while the greatest proportion of those of a duration of 5 years or over was made to farmers and ranchers. The greatest proportion of the value of short-term loans was borrowed by farmers and ranchers, while commercial corporations received most of the funds loaned on terms of 5 years or over.

TABLE 10. AVERAGE SIZE OF LOANS MADE THROUGH CHATTEL MORTGAGES IN SILVER BOW COUNTY, 1915 - 1939, BY TERM OF MORTGAGE

Term of Mortgage	Average Size of Loans
All Types	\$ 2,409
Under 3 months	798
3 to 5 $\frac{1}{2}$ months	1,480
6 to 8 $\frac{1}{2}$ months	2,922
9 to 11 $\frac{1}{2}$ months	903
1 year to 2 $\frac{1}{2}$ years	1,545
3 years to 4 $\frac{1}{2}$ years	3,801
5 years to 9 $\frac{1}{2}$ years	10,436
10 years or Over	421,582
Demand	2,395
No Report	2,576

In Table 10, above, notice the enormous average size of loans made for a term of 10 years or over.

Most of the mortgages of less than five years duration (including demand mortgages) were made on automobiles, while most of those of 5 to 9 $\frac{1}{2}$  years were made on hotel furniture and fixtures. Of the thirteen mortgages

of 10 years or over, four were made on farm implements, livestock and crops; and four were made on mixed security. However, by far the greater proportion of the value of these long-term loans was loaned on mixed types of security.

#### RATE OF INTEREST

The following classifications were made of rate of interest:

Less than 3%  
3% to 4.9%  
5% to 7.4%  
7.5% to 9.9%  
10% and Over

Table 11 shows the distribution of number and value of mortgages in the five groups.

TABLE 11. DISTRIBUTION, BY NUMBER AND VALUE, OF CHATTEL MORTGAGES FILED IN SILVER BOW COUNTY, 1915-1939, BY RATE OF INTEREST

Rate of Interest	Number of Mortgages		Value of Mortgages	
	Number	Percent of Total	Value	Percent of Total
All Rates	7,970	100.0	\$19,199,950	100.0
Less than 3%	77	1.0	54,458	0.3
3% to 4.9%	67	0.8	1,172,383	6.1
5% to 7.4%	826	10.4	9,932,941	51.7
7.5% to 9.9%	3,977	49.9	5,949,472	31.0
10% and Over	3,023	37.9	2,090,696	10.9

Notice that nearly one-half (49.9 percent) of the mortgages filed had interest rates of from 7.5% to 9.9% and that over one-third (37.9 percent) bore interest at 10% or over. Of the total money loaned, over one-half (51.7 percent) was loaned at from 5% to 7.4%. Notice, also, that only

1.0 percent of the mortgages, representing but 0.3 percent of the total value, bore interest at less than 3% per annum.

The trends in interest rates may be summarized at five-year intervals over the period covered by the study. In 1915 the greatest number of loans were made at 10% and over, but the greatest amount of money was loaned at 5% to 7.4%. In 1920 most of the loans again were made at 10% and over, while most of the money was loaned at 7.5% to 9.9%. In 1925 the greatest proportions of both number and value were made at from 7.5% to 9.9%. Of the loans made in 1930 and 1935, by far the majority were made at from 7.5% to 9.9%. However, most of the money was loaned at from 5% to 7.4%. In 1939 the greater proportions of both number and value of loans were made at from 5% to 7.4%.

Most of the loans made at less than 3% were made by resident individuals. These mortgagees also loaned the greatest proportion of the money borrowed at this rate. Resident individuals made most of the loans in all other interest groups, but the proportions of the money loaned at these other interest rates were widely distributed among types of mortgagees. In general, non-resident mortgagees loaned most of the money which was borrowed at the higher rates of interest.

Individuals made most of the mortgages in each of the five interest groups. In terms of the value of the loans, most of the loans at less than 3% and 7.5% and over, were made to individuals; most of those at 3% to 4.9% were made to farmers and ranchers; while the greater proportions of those of 5% to 7.4% were made to commercial corporations.

The average sizes of the loans in each interest group are shown in Table 12. Notice that the largest loans have been made at 3% to 4.9%.



TABLE 12. AVERAGE SIZE OF LOANS MADE THROUGH CHATTEL MORTGAGES IN SILVER BOW COUNTY, 1915-1939, BY RATE OF INTEREST

Rate of Interest	Average Size of Loans
All Rates	\$ 2,409
Less than 3%	707
3% to 4.9%	17,498
5% to 7.4%	12,025
7.5% to 9.9%	1,496
10% and Over	691

Most of the loans of less than 10% were made on automobiles, while nearly one-half of those of 10% and over were made on household furniture. The greatest value of loans at less than 3% and at 5% to 7.4% were made on mixed types of security; the greatest sums loaned at 3% to 4.9% and at 10% or over, were loaned on farm implements, livestock and crops; and the greatest sums loaned at 7.5% to 9.9% were loaned on automobiles.

The greatest percentages of the loans in each interest group were of a duration of from 1 to  $2\frac{1}{2}$  years. However, the proportion of the money loaned in each interest group is more widely distributed. Most of the money loaned at from 3% to 4.9% was loaned for only 6 to  $8\frac{1}{2}$  months, and most of that loaned at from 5% to 7.4% was loaned for a period of 10 years or longer. In each of the other interest groups the greater part of the money was loaned for 1 to  $2\frac{1}{2}$  years.

#### METHOD OF REPAYMENT

There are three principal methods by which mortgage loans may be repaid. They are: (1) Straight-Term--that is, no payments are made on the principal until maturity, then the loan is liquidated in one lump payment;

(2) Specified Partial Payments--that is, payments of irregular size are made at definitely specified dates or regular payments are made at irregular, but specified dates; and (3) Amortization--in which equal payments are made at periodic intervals to systematically liquidate both principal and accruing interest charges.

TABLE 13. DISTRIBUTION, BY NUMBER AND VALUE, OF CHATTEL MORTGAGES FILED IN SILVER BOW COUNTY, 1915 - 1939, BY METHOD OF REPAYMENT

Method of Repayment	Number of Mortgages		Value of Mortgages	
	Number	Percent of Total	Value	Percent of Total
All Methods	7,970	100.0	\$19,199,950	100.0
1. Straight-Term	4,657	58.4	15,971,183	83.2
2. Specified Partial Payments	1,035	13.0	1,370,309	7.1
3. Amortization	2,278	28.6	1,858,458	9.7

Well over one-half (58.4 percent) of the mortgages, representing 83.2 percent of the total value loaned, were to be repaid on a straight-term basis. (See Table 13). In second rank are amortization mortgages--with a little over one-fourth (28.6 percent) of the total number and about one-tenth (9.7 percent) of the total value.

The trend in popularity of the three types of repayment may be studied at five-year intervals over the twenty-five year period, 1915-1939. In 1915 the greatest number of loans were on straight-term mortgages, but the largest proportion of the money was loaned on the amortization plan. In 1920 and 1925 the greatest proportions of both number and value of the loans were made on straight-term mortgages. There were more amortization mortgages made in 1930 than either of the other two types, but the greatest proportion

of the money was loaned on straight-term instruments. In 1935 and 1939, straight-term mortgages were the leaders in both number and value.

Practically all of the loans made by both resident and non-resident mortgagees were on straight-term mortgages, with the exception of those made by loan companies. Of the 1,921 loans made by these mortgagees well over one-half (1,184) were made on amortization mortgages. The same tendencies are observed when the value of the loans is considered. Among special agencies, the Federal Land Bank made the greatest number and value of its loans on amortization mortgages. The other agencies, however, made the greatest proportion of their loans (both in number and value) on straight-term mortgages.

At least seventy-percent of the total loans made to each class of mortgagors were straight-term loans, except in the case of individuals and hotel companies. A little over one-half of the loans made to individuals were made on straight-term mortgages and over one-third were made on amortization mortgages. In the case of hotel company mortgagors, about sixty-percent of the loans were on straight-term mortgages and a little less than one-third were on amortization mortgages. In considering the proportions of the total value of the loans, almost identical conditions are found to exist.

TABLE 14. AVERAGE SIZE OF LOANS MADE THROUGH CHATTEL MORTGAGES IN SILVER BOW COUNTY, 1915-1939, BY METHOD OF REPAYMENT

Method of Repayment	Average Size of Loans
All Methods	\$ 2,409
Straight-Term	3,429
Specified Partial Payments	1,323
Amortization	816



In Table 14 are presented the average sizes of loans made by each method of repayment. As would be expected, straight-term mortgage loans were by far the largest. As a matter of fact, correlation of size of principal with method of repayment reveals that the majority of the loans in each size group were made on straight-term mortgages, except in the case of loans of less than \$50. The same condition is found to exist in regard to the total money loaned. In the case of loans of less than \$50, a slightly larger proportion of the total loans, accounting for a somewhat higher proportion of the total value, were made on amortization mortgages.

In comparing the methods of repayment according to the type of security, it is found that in all cases the greatest proportion (considering both number and value) of the loans on each type of property were made on straight-term mortgages.

In the case of those mortgages having a term of less than 9 months, including demand mortgages, the greatest proportion of both number and value of the loans were made on straight term mortgages. The greatest number of loans of from 9 to  $11\frac{1}{2}$  months were made on amortization mortgages, while the greater proportion of the money loaned on such terms was loaned on straight-term notes. Loans of from 1 to  $2\frac{1}{2}$  years were predominately straight-term mortgages--in both number and value. The largest number of loans of from 3 to  $4\frac{1}{2}$  years and from 5 to  $9\frac{1}{2}$  years were on amortization mortgages. However, the greatest proportion of the money loaned on terms of from 3 to  $4\frac{1}{2}$  years was loaned on straight-term instruments. In the case of loans of 10 years and over, nearly one-half of the loans were on mortgages having specified partial payments, but over ninety-percent of the funds were loaned on straight-term instruments.

## CHAPTER IV.

### SUMMARY

1. During the past twenty-five years, 7,970 chattel mortgages on Silver Bow County property have been filed with the Clerk and Recorder. This was an average volume of 319 mortgages per year.
2. The total value of loans made on these mortgages was \$19,199,950, an ~~annual~~ average of \$767,998.
3. The actual number of mortgages filed each year varied from 637 in 1928 to 93 in 1939. The value of the loans has varied from \$5,508,332 in 1922 to \$210,095 in 1939.
4. Resident mortgages took 81.5 percent of the mortgages, but loaned only 35.8 percent of the total funds. Non-resident mortgagees took only 17.5 percent of the mortgages but loaned 61.7 percent of the funds. Loans by special agencies (Federal Land Bank, Production Credit Associations, and Regional Agricultural Credit Corporation) constituted 1.0 percent of the total. The value of these loans amounted to 2.5 percent of the total.
5. The average size of loan made by resident agencies was \$1,059.48, while the average size of those made by non-residents was \$8,483.98. The average for special agency loans was \$5,831.68.
6. Most of the loans were made to individual mortgagors. The greatest proportion of the money was loaned to commercial corporations.
7. The largest loans were made to commercial corporations--averaging \$17,276.19. Individuals made average borrowings of \$458.16.

8. Most of the loans were made in principal amounts of less than \$1,000. However, most of the money was loaned in principal amounts of \$10,000 and over.

9. Farmers and ranchers received the greatest number of large loans. Nearly one-fourth (21.4 percent) of the loans to such mortgagors were loans of \$5,000 or over.

10. Over one-third (39.2 percent) of the loans were made on automobiles. However, nearly one-half (45.1 percent) of the money was loaned on mortgages covering more than one type of security.

11. Most of the mortgages made were for a term of from 1 to  $2\frac{1}{2}$  years, while most of the funds were loaned for a term of 10 years and over.

12. Most of the loans were made at relatively high interest rates. About one-half (49.9 percent) of the loans were made at 7.5% to 9.9% and over one-third (37.9 percent) were made at 10% and over. Over one-half (51.7 percent) of the total funds were loaned at 5% to 7.4%.

13. Over one-half (58.4 percent) of the mortgages, representing 83.2 percent of the money loaned, were to be repaid on a straight-term plan. A little over one-fourth (28.6 percent) of the mortgages, accounting for 9.7 percent of the value, were to be repaid on an amortization plan.











